



PUBLIC DISCLOSURE

November 16, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

UWHARRIE BANK

ALBEMARLE, NORTH CAROLINA

**Federal Reserve Bank of Richmond
Richmond, Virginia**

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

PUBLIC DISCLOSURE

November 16, 2020

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Uwharrie Bank

590220

P.O. Box 338

Albemarle, North Carolina 28002

**Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

	Page
Institution Rating	
Institution's CRA Rating	1
Summary of Major Factors Supporting Rating.....	1
Institution	
Scope of Examination	1
Description of Institution	2
Conclusions With Respect to Performance Tests	3
Metropolitan Area (reviewed using full-scope review)	
Description of Institution's Operations in Charlotte-Concord-Gastonia, NC	
Assessment Area	6
Conclusions with Respect to Performance Tests	9
Nonmetropolitan Statewide Area (reviewed using full-scope review)	
Description of Institution's Operations in Stanly, NC NonMSA Assessment Area.....	13
Conclusions with Respect to Performance Tests	14
Appendices	
CRA Appendix A: Loan, Branch, and Deposit Volume by Assessment Area.....	20
CRA Appendix B: Glossary.....	21

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to demand for credit in the assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans considered in the evaluation were originated within the bank's assessment areas.
- The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) is considered reasonable.
- The bank's geographic distribution performance (lending in low- and moderate-income census tracts) varies from reasonable to excellent by product and year and is considered reasonable overall.
- The bank's responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and services is considered adequate.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

SCOPE OF EXAMINATION

Uwharrie Bank (UB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). UB is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Consistent with these procedures, residential mortgage loan originations and purchases reported by the institution in accordance with the HMDA during calendar years 2018 and 2019 were reviewed. Additionally, small business loans are considered to be a primary product line and were also considered in the evaluation. The analysis includes all small business loans originated by the bank during calendar year 2019.

Qualified community development loans and services are considered for activities since the previous evaluation (April 17, 2017). All qualified investments made during this same period and those outstanding as of the date of this evaluation, regardless of when made, were also considered. To help determine the availability of community development opportunities in specific assessment areas, the CRA public evaluations of other financial institutions operating in these areas were reviewed. Additionally, members of the community were contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment areas, as well as potential community development opportunities.

Based on the FFIEC's evaluation procedures, an overall rating and ratings for the Lending and Community Development Tests are assigned to the institution based on its performance within the assessment areas evaluated using full scope procedures. The bank serves two assessment areas located in the State of North Carolina, and based upon location, relative market size as determined by loan activity, proportion of bank deposits, and market population, both assessment areas were reviewed using full-scope evaluation procedures to evaluate its performance. Appendix A includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

DESCRIPTION OF INSTITUTION

UB is headquartered in Albemarle, North Carolina, and operates a total of ten branch offices within North Carolina. UB is a wholly-owned subsidiary of Uwharrie Capital Corporation, a single-bank holding company, also headquartered in Albemarle, North Carolina. The bank received a Satisfactory rating at its prior CRA evaluation dated April 17, 2017. No known legal impediments exist that would constrain the bank in meeting the credit needs of its assessment areas.

As of September 30, 2020, the bank had assets totaling \$787.1 million, of which 59.8% were net loans and 26% were securities. During the same time period, deposits totaled \$715.6 million. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. Additionally, in April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promoted economic stability during the Coronavirus (COVID-19) crisis. From April through August of 2020, UB originated 1,209 loans totaling approximately \$83.4 million. The composition of the bank’s loan portfolio (reflecting gross loans) is represented in the following table.

Composition of Loan Portfolio

Loan Type	9/30/2020	
	\$ (000s)	%
Secured by 1-4 Family dwellings	136,521	28.7
Multifamily	1,781	0.4
Construction and Development	38,191	8.0
Commercial & Industrial/ NonFarm NonResidential	267,440	56.2
Consumer Loans and Credit Cards	12,358	2.6
Agricultural Loans/ Farmland	8,534	1.8
All Other	10,713	2.3
Total	475,538	100.0

As indicated in the preceding table, UB is an active commercial/small business and residential mortgage lender. Small business loans (i.e. business purpose loans of \$1 million or less) are a subset of commercial and industrial loans. While the bank offers additional products, such as consumer and farm loans, the volume of such lending is relatively small in comparison to the commercial/small business and residential mortgage lending.

The bank serves two contiguous assessment areas in the southern portion of North Carolina. One assessment area includes a portion of the Charlotte-Concord-Gastonia, NC-SC MSA and the other assessment area is located in a nonmetropolitan (NonMSA) area. Due to a census change in 2019, Anson County moved from the NonMSA area to the Charlotte-Gastonia- Concord, NC assessment area. The following table reflects the current composition of the bank’s assessment area.

Assessment Area Name	City/County	Census Tracts Included
Charlotte-Concord-Gastonia, NC	Anson County*	All
	Cabarrus County	All
	Mecklenburg County	All
	Union County	All
Stanly, NC NonMSA	Stanly County	All

* This county became effective for this assessment area as of January 2019.

Since the previous evaluation, the bank closed a loan production office in Rock Hill, South Carolina. Neither the LPO closure nor the Anson County move affected the bank's assessment areas overall. Conclusions regarding the bank's lending performance in 2018 are based on the larger NonMSA assessment area which included both Stanly and Anson counties, while conclusions regarding 2019 performance are based on Anson being included in the Charlotte-Concord-Gastonia assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

When evaluating the bank's HMDA performance, relevant area demographic data from the American Community Survey (ACS) is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. Dun & Bradstreet (D&B) business data from 2019 was also considered when evaluating the bank's small business performance.

Aggregate loan data is used as a proxy for demand when evaluating the bank's HMDA lending and includes all activity reported by lenders, subject to reporting HMDA data, within the bank's assessment areas. Similarly, the aggregate small business lending data includes all lenders subject to reporting small business data. Because the bank is not required to report small business loan data, UB's small business loans are not included in the aggregate data.

While HMDA data from calendar years 2018 and 2019 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2019 are presented in the assessment area analysis tables. In instances where the bank's 2018 lending performance varies significantly from its performance during 2019, such variance and the corresponding impact on the overall performance is discussed.

When evaluating the borrower and the geographic distribution for a specific loan category within an assessment area, primary emphasis is placed on the number of loans originated or purchased. For HMDA lending, primary focus is placed on performance for Home Purchase, Home Improvement, Refinancing, and Multi-family loan categories. Performance for the Not Applicable, Other Closed, and Other Lines of Credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then weighted by the dollar volume of such loans in the assessment area.

Within UB's assessment areas, a high level of small business lending activity was reported by specialized lenders, who often originate or purchase small business loans in the form of credit cards. The loans, however, tend to be much smaller in size than traditional small business loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio as of September 30, 2020, equaled 65.8% and averaged 65.5% for the 14-quarter period ending September 30, 2020. In comparison, the quarterly average loan-to-deposit ratios of a peer group similar in asset size and operating in UB's assessment areas ranged from 69.8% to 110.1% during the same fifteen-quarter period. Since September 30, 2018, assets, net loans, and deposits have increased by 23.9%, 24.8%, and 24.3%, respectively. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

Lending in Assessment Areas

To determine the institution’s volume of lending within its assessment areas, the geographic location of the bank’s HMDA loans originated during calendar years 2018 and 2019, and small business loans originated in 2019, were considered. The lending distribution inside and outside of the bank’s assessment areas is represented in the table below.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	512	63.6	104,813	62.3	293	36.4	63,385	37.7
Home Improvement	3	75.0	145	82.9	1	25.0	30	17.1
Refinancing	209	79.2	45,521	77.9	55	20.8	12,881	22.1
Multi-Family Housing	1	100.0	350	100.0	0	0.0	0	0.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	9	60.0	838	45.0	6	40.0	1,024	55.0
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	734	67.4	151,667	66.2	355	32.6	77,320	33.8
Small Business	303	87.6	36,952	82.3	43	12.4	7,922	17.7
TOTAL LOANS	1,037	72.3	188,619	68.9	398	27.7	85,242	31.1

As indicated in the preceding table, a majority of the total number and dollar amount of HMDA and small business loans were extended within the bank’s assessment areas. Overall, the institution’s level of lending within its assessment areas is considered responsive to community credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

UB’s borrower distribution varies from reasonable to excellent by product and across both of its assessment areas. Overall, the bank’s performance is considered reasonable.

Geographic Distribution of Loans

UB’s geographic distribution performance is considered reasonable in the Charlotte-Concord-Gastonia, NC assessment area and excellent in the Stanly, NC NonMSA assessment area and is considered reasonable overall. In reaching this conclusion, more weight was placed on the Charlotte-Concord-Gastonia, NC assessment area because it accounts for almost double the overall dollar volume of combined HMDA and small business lending relied upon in the analysis.

Community Development Loans, Investments, and Services

UB’s support of community development initiatives and organizations within its assessment areas is considered to be responsive. The bank provides an adequate level of community development loans and has shown a similar level of responsiveness by providing donations and services. UB faces no constraints preventing it from originating community development loans, investing in qualified securities, and providing community development services.

During the evaluation period, the bank participated in the following community development qualified activity that benefited a broader geographical region:

- Five employees participated in the North Carolina Bankers Association’s Camp Challenge. Camp Challenge operations are targeted to children from low- and moderate-income families throughout North Carolina, and the employees provided financial literacy training to low- and moderate-income youth.

Despite not extending any qualified investments, overall, the bank participated in an adequate level of community development loans, donations and services. Accordingly, the bank's community development test is considered to be satisfactory.

Details of other activities specific to each assessment area are provided in the assessment area discussion.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

METROPOLITAN AREAS

(For metropolitan areas with some or all assessment areas reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHARLOTTE-CONCORD-GASTONIA, NC ASSESSMENT AREA

The bank's assessment area is located in the south central portion of North Carolina, includes a portion of the Charlotte-Gastonia-Concord, NC-SC MSA, and includes the entire counties of Anson, Cabarrus, Mecklenburg, and Union, North Carolina. In 2019, the Charlotte-Concord-Gastonia, NC MSA was expanded to include Anson County. Within this assessment area, UB operates four full-service branches.

As of June 30, 2020, the bank ranked 14th out of 34 institutions in local deposit market share by having .09% of the assessment area's Federal Deposit Insurance Corporation (FDIC) insured deposits. According to 2019 HMDA aggregate data, the bank ranked 61 out of 673 lenders in reported mortgage lending with a .3% market share.

Based on the 2015 ACS data, the 2019 assessment area has a total population of 1,418,220 and a median housing value of \$181,562. The owner-occupancy rate for the assessment area was 57.3% which was slightly lower than owner occupancy rate of the entire MSA (59.5%) and slightly higher than North Carolina's rate (55.7%). The percentage of families living below the poverty level is 10.8%, which was lower than the rates in North Carolina (12.8%) and in the overall MSA (11.4%). The 2018 and 2019 HUD estimated median family income for the Charlotte-Concord-Gastonia, NC MSA equaled \$71,300 and \$70,700, respectively. The following tables include pertinent assessment area demographic data for 2018 (without Anson) and also account for the 2019 data when the assessment area expanded (with Anson).

Assessment Area Demographics

Charlotte-Concord-Gastonia, NC (Based on 2015 ACS Data and 2018 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	31	10.0	24,016	7.0	8,572	35.7	70,133	20.6
Moderate	70	22.5	66,096	19.4	13,713	20.7	53,707	15.7
Middle	82	26.4	99,292	29.1	8,375	8.4	61,827	18.1
Upper	124	39.8	151,603	44.5	5,678	3.7	155,493	45.6
NA	4	1.3	153	0.0	69	45.1		
Total	311	100.0	341,160	100.0	36,407	10.7	341,160	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	10,437	3.2	42,177	8.1	13,961	33.1	109,374	21.1
Moderate	51,469	16.0	110,381	21.3	22,655	20.5	80,442	15.5
Middle	99,469	30.8	146,657	28.3	15,202	10.4	88,946	17.2
Upper	161,023	50.0	217,915	42.2	12,907	5.9	238,896	46.2
NA	90	0.0	528	0.1	256	48.5		
Total	322,488	100.0	517,658	100.0	64,981	12.6	517,658	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	5,513	7.4	4,746	7.0	726	12.2	41	4.7
Moderate	13,186	17.8	11,767	17.5	1,288	21.6	131	15.0
Middle	18,662	25.1	17,144	25.4	1,332	22.3	186	21.3
Upper	36,221	48.9	33,261	49.4	2,457	41.1	503	57.7
NA	626	0.8	446	0.7	169	2.8	11	1.3
Total	74,208	100.0	67,364	100.0	5,972	100.0	872	100.0
Percentage of Total Businesses:				90.8		8.0		1.2

*NA-Tracts without household or family income as applicable

Assessment Area Demographics

Charlotte-Concord-Gastonia, NC (Based on 2015 ACS Data and 2019 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	30	9.5	23,506	6.8	8,460	36.0	71,428	20.6
Moderate	74	23.3	69,525	20.0	14,420	20.7	54,633	15.7
Middle	82	25.9	100,332	28.9	8,837	8.8	62,727	18.1
Upper	127	40.0	153,901	44.3	5,727	3.7	158,629	45.6
NA	4	1.3	153	0.0	69	45.1		
Total	317	100.0	347,417	100.0	37,513	10.8	347,417	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	10,049	3.1	41,158	7.8	13,764	33.4	112,978	21.4
Moderate	55,740	17.0	114,338	21.7	24,033	21.0	82,296	15.6
Middle	99,636	30.3	149,944	28.4	15,921	10.6	90,554	17.2
Upper	163,248	49.6	221,201	42.0	13,108	5.9	241,341	45.8
NA	90	0.0	528	0.1	256	48.5		
Total	328,763	100.0	527,169	100.0	67,082	12.7	527,169	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	5,506	7.2	4,792	6.8	688	11.8	26	3.5
Moderate	13,010	17.0	11,794	16.8	1,114	19.1	102	13.7
Middle	20,072	26.2	18,445	26.3	1,470	25.2	157	21.2
Upper	37,351	48.7	34,518	49.4	2,383	40.9	450	60.7
NA	665	0.9	486	0.7	172	3.0	7	0.9
Total	76,604	100.0	70,035	100.0	5,827	100.0	742	100.0
	Percentage of Total Businesses:			91.4		7.6		1.0

*NA-Tracts without household or family income as applicable

During both 2019, all four of the middle-income census tracts in Anson County, NC were considered distressed because of comparatively high poverty rates according to data published by the FFIEC.

The local economy has a diversified employment and industrial base. The area's major employers include Charlotte Mecklenburg Hospital, Walmart, Bank of America, Tyson Farms, American Airlines, Harris Teeter, local government, and area school systems. Current and recent periodic unemployment rates are included in the following table.

Geographic Area	September 2017	September 2018	September 2019	May 2020	September 2020
Anson County, NC			3.8%	10.3%	8.5%
Cabarrus County, NC	3.8%	3.3%	3.2%	12.4%	6.7%
Mecklenburg County, NC	4%	3.4%	3.3%	13.6%	7.7%
Union, NC	3.7%	3.1%	3.1%	10.2%	5.6%
Charlotte-Concord-Gastonia, NC-SC MSA	4%	3.3%	3.1%	13.2%	7%
State of North Carolina	4.1%	3.6%	3.4%	12.7%	6.9%

As evident in the table, unemployment in the assessment area has been greatly affected by the COVID-19 pandemic. Prior to the pandemic, unemployment rates were declining. Although the current unemployment rates show a sharp increase since September 2019, the unemployment rates have fallen since their highs in May 2020 and they continue to decrease.

An affordable housing official was contacted during the evaluation to discuss local housing conditions and community credit needs. The contact expressed a need for affordable housing in the area. Increasing population and limited supply have caused rents to increase, and the availability of affordable housing is limited. While credit opportunities are abundant, the contact opined that more participation is needed from financial institutions in providing credit counseling and financial literacy programs for very low-, low-, and moderate-income individuals.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

During 2019, UB extended \$51.2 million in HMDA and \$16.9 million in small business loans within this assessment area. Accordingly, HMDA lending is given more weight than small business lending performance when evaluating overall lending performance.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

UB's borrower distribution performance is considered reasonable for HMDA lending and excellent for small business lending. Overall, UB's performance is considered reasonable given the significantly larger dollar volume of HMDA lending.

Distribution of HMDA Loans by Income Level of Borrower

Charlotte-Concord-Gastonia, NC (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	13	6.4	1,532	3.2	2,840	4.8	349,965	2.3
Moderate	40	19.6	6,106	12.9	9,545	16.3	1,548,553	10.1
Middle	40	19.6	8,397	17.8	13,002	22.1	2,619,197	17.1
Upper	111	54.4	31,184	66.1	33,316	56.8	10,783,360	70.5
Total	204	100.0	47,219	100.0	58,703	100.0	15,301,075	100.0
Unknown	13		3,961		10,636		4,835,204	

Percentages (%) are calculated on all loans where incomes are known

In 2019, the bank's lending to low-income borrowers (6.4%) lagged the proportion of low-income families in the assessment area (20.6%), but exceeded the percentage of aggregate lending to such borrowers (4.8%). UB's lending to moderate-income borrowers (19.6%) exceeded both the percentage of moderate-income families in the assessment area (15.7%) and the percentage of aggregate lending levels (16.3%). Overall the bank's 2019 performance is considered excellent.

During 2018, UB originated 208 loans totaling \$50.3 million to borrowers whose income was known. Of these loans, seven (3.4%) totaling \$660,000 (1.3%) were originated to low-income borrowers, which substantially lagged the percentage of low-income families (20.6%) and was also less than the aggregate lending level (6.3%). The bank originated 43 (20.7%) loans totaling \$7 million (13.9%) to moderate-income borrowers, which exceeded both the percentage of moderate-income families (15.7%) and the aggregate lending level (18.6%). UB's performance is considered reasonable during 2018.

On a combined basis when considering the dollar volume of loans and the relative strength of performance in each year, UB's overall HMDA borrower distribution performance is considered reasonable.

Distribution of Lending by Loan Amount and Size of Business

Charlotte-Concord-Gastonia, NC (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	103	73.0	9,557	56.4	19,216	47.6	516,260	33.3
Over \$1 Million	38	27.0	7,392	43.6	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	96	68.1	3,163	18.7	37,697	93.4	604,682	39.0
\$100,001-\$250,000	28	19.9	4,972	29.3	1,295	3.2	225,907	14.6
\$250,001-\$1 Million	17	12.0	8,815	52.0	1,363	3.4	721,824	46.4
Total	141	100.0	16,950	100.0	40,355	100.0	1,552,413	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2019 indicates that 91.4% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 47.6% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 46.5% of the remaining reported small business loans were made to businesses having annual revenues of \$1 million or less. UB originated 73% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank's small business performance is considered excellent.

Geographic Distribution of Loans

UB's geographic distribution performance is considered reasonable for HMDA lending and excellent for small business lending. Overall, UB's performance is considered reasonable given the larger dollar volume of HMDA lending.

Distribution of HMDA Loans by Income Level of Census Tract

Charlotte-Concord-Gastonia, NC (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(141)				Home Purchase (38,754)			
Low	3	2.1	367	1.2	1,310	3.4	289,080	2.7
Moderate	40	28.4	5,354	17.0	5,852	15.1	1,178,427	10.9
Middle	44	31.2	10,702	33.9	11,496	29.7	2,609,299	24.1
Upper	54	38.3	15,146	48.0	20,073	51.8	6,737,272	62.3
	(76)				Refinance (26,839)			
Low	0	0.0	0	0.0	654	2.4	120,339	1.7
Moderate	5	6.6	724	3.7	3,115	11.6	555,488	7.8
Middle	28	36.8	6,484	33.1	7,340	27.3	1,463,343	20.6
Upper	43	56.6	12,403	63.2	15,730	58.6	4,948,158	69.8
	(0)				Home Improvement (3,620)			
Low	0	0.0	0	0.0	90	2.5	6,007	1.9
Moderate	0	0.0	0	0.0	416	11.5	28,154	8.9
Middle	0	0.0	0	0.0	898	24.8	58,069	18.3
Upper	0	0.0	0	0.0	2,216	61.2	224,805	70.9
	(0)				Multi-Family (115)			
Low	0	0.0	0	0.0	29	25.2	884,315	46.3
Moderate	0	0.0	0	0.0	41	35.7	307,906	16.1
Middle	0	0.0	0	0.0	21	18.3	266,569	14.0
Upper	0	0.0	0	0.0	24	20.9	452,078	23.7
	HMDA Totals							
Low	3	1.4	367	0.7	2,083	3.0	1,299,741	6.5
Moderate	45	20.7	6,078	11.9	9,424	13.6	2,069,975	10.3
Middle	72	33.2	17,186	33.6	19,755	28.5	4,397,280	21.8
Upper	97	44.7	27,549	53.8	38,043	54.9	12,362,313	61.4
NA*	0	0.0	0	0.0	34	0.0	6,970	0.0
Total	217	100.0	51,180	100.0	69,339	100.0	20,136,279	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by both the bank and the aggregate lenders were for home purchases and refinances. Additionally, the bank did not originate any home improvement or multi-family loans, and as such, these categories did not impact the overall conclusion. Considering both demographic data and aggregate proxies for demand, the bank's performance for home purchase lending is excellent and its performance for refinance lending is poor.

The bank's level of lending in low-income census tracts (1.4%) lagged both the percentage of owner-occupied housing units located in such areas (3.1%) and the aggregate lending level (3%). Conversely, UB's level of lending in moderate-income census tracts (20.7%) exceeded both the percentage of owner-occupied housing units located in such areas (17%) and the aggregate lending level (13.6%). Overall, the bank's performance in 2019 is considered excellent due to the strength of its lending in moderate-income census tracts.

During 2018, UB originated 219 HMDA loans totaling \$52.4 million, of which two loans (.9%) totaling \$671,000 (1.3%) were located in low-income census tracts, which lagged both the percentage of owner-occupied housing units located in such areas (3.2%) and the aggregate lending level (3.1%). UB extended 29 loans (13.2%) totaling \$4.1 million (7.9%) in moderate-income census tracts, which slightly lagged both the percentage of owner-occupied housing units located in such areas (16%) and the aggregate lending level (14.4%). The bank's 2018 lending performance is considered reasonable.

Overall, the bank’s combined HMDA geographic lending distribution during 2018 and 2019 is considered reasonable based upon the relative performance levels and similar loan volumes each year.

Distribution of Small Business Loans by Income Level of Census Tract

Charlotte-Concord-Gastonia, NC (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	1	0.7	150	0.9	2,799	7.0	156,269	10.2
Moderate	60	42.6	6,376	37.6	5,852	14.7	243,749	15.8
Middle	43	30.5	5,816	34.3	10,206	25.6	361,457	23.5
Upper	37	26.2	4,607	27.2	20,715	51.9	751,075	48.8
NA*	0	0.0	0	0.0	318	0.8	26,846	1.7
Total	141	100.0	16,949	100.0	39,890	100.0	1,539,396	100.0

**NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.*

D&B data from 2019 indicates that 7.2% and 17% of all area businesses are located in low- and moderate-income census tracts, respectively. During 2019, the bank's level of small business lending in low-income census tracts (.7%) lagged the percentage of businesses located in such areas and the aggregate lending level (7%). Conversely, UB's level of lending in moderate-income census tracts (42.6%) significantly exceeded the percentage of businesses in such areas (17%) and the aggregate lending level (14.7%). While UB’s level of small business lending in low-income census tracts is considered poor, on a combined basis, the bank’s performance is considered excellent, due to the significant strength of performance in moderate-income census tracts.

Community Development Loans, Investments, and Services

Discussions with an individual knowledgeable of the local community and reviews of the performance evaluations of other financial institutions having a local presence indicate that local community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

UB supported local community development initiatives by originating the following community development loans during the evaluation period.

- Three loans totaling \$1.7 million that allowed businesses to retain or expand and created approximately 15 jobs benefiting low- and moderate-income individuals.
- Three loans totaling \$738,640 to organizations that provide community services to low-and moderate income individuals within the assessment area.

As stated earlier, UB did not extend any qualified investments as of the commencement of this evaluation. However, the bank did provide \$26,775 in qualified donations to 13 organizations within the Charlotte-Concord-Gastonia, NC assessment area.

Bank employees also volunteered their time and financial expertise to organizations and schools providing community development services within the assessment area. Specifically, ten employees provided financial literacy to six schools in which over 50% of the population of students received free or reduced lunches and various other organizations providing services to low- and moderate-income people.

Overall, the bank’s responsiveness to the community development needs of the assessment area is considered adequate.

NONMETROPOLITAN AREA

(If some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN STANLY, NC NONMSA ASSESSMENT AREA

The bank's assessment area is located in the south central portion of North Carolina and includes the entire county of Stanly, North Carolina. In 2018, this assessment area also included Anson County; however, in 2019, the Charlotte MSA expanded to include Anson County as part of the MSA. Within the current assessment area, there are no low-income census tracts, and UB operates six full-service branches.

As of June 30, 2020, the bank ranked 1st out of seven institutions in local deposit market share by having 33.3% of the assessment area's FDIC insured deposits. According to 2019 HMDA aggregate data, the bank ranked 2nd out of 182 lenders in reported mortgage lending with a 7.6% market share.

Based on 2015 ACS data, the assessment area has a population of 60,586 and a median housing value of \$128,212. The owner-occupancy rate for the assessment area equals 61.8% and exceeds the rates for both the nonmetropolitan areas of North Carolina (52.8%) and the statewide area (55.7%). Within the assessment area, 12.9% of families are considered below the poverty level, which is lower than the statewide nonmetropolitan areas (16.3%) and similar to the overall statewide level (12.8%). The 2018 and 2019 HUD estimated median family incomes for nonmetropolitan areas of North Carolina equaled \$52,300 and \$51,600, respectively. The following tables include pertinent assessment area demographic data for 2018 (with Anson) and also account for 2019 data, as the assessment area was reduced (without Anson).

Assessment Area Demographics

Stanly-Anson, NC NonMSA (Based on 2015 ACS Data and 2018 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,578	20.1
Moderate	3	15.8	3,385	14.9	730	21.6	4,379	19.3
Middle	13	68.4	15,832	69.7	2,127	13.4	4,308	19.0
Upper	3	15.8	3,512	15.4	368	10.5	9,464	41.6
NA	0	0.0	0	0.0	0	0.0		
Total	19	100.0	22,729	100.0	3,225	14.2	22,729	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	7,751	23.4
Moderate	2,930	12.7	5,432	16.4	1,525	28.1	5,516	16.6
Middle	16,362	70.9	22,752	68.6	3,848	16.9	5,817	17.5
Upper	3,798	16.4	4,994	15.0	653	13.1	14,094	42.5
NA	0	0.0	0	0.0	0	0.0		
Total	23,090	100.0	33,178	100.0	6,026	18.2	33,178	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	711	23.4	624	22.6	70	30.8	17	29.3
Middle	1,733	57.0	1,584	57.5	116	51.1	33	56.9
Upper	598	19.6	549	19.9	41	18.1	8	13.8
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	3,042	100.0	2,757	100.0	227	100.0	58	100.0
Percentage of Total Businesses:				90.6		7.5		1.9

*NA-Tracts without household or family income as applicable

Assessment Area Demographics

Stanly, NC NonMSA (Based on 2015 ACS Data and 2019 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,943	17.9
Moderate	1	7.7	1,430	8.7	356	24.9	2,951	17.9
Middle	7	53.8	8,844	53.7	1,100	12.4	3,049	18.5
Upper	5	38.5	6,198	37.6	663	10.7	7,529	45.7
NA	0	0.0	0	0.0	0	0.0		
Total	13	100.0	16,472	100.0	2,119	12.9	16,472	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,947	20.9
Moderate	1,128	6.7	2,504	10.6	792	31.6	3,770	15.9
Middle	8,774	52.2	12,256	51.8	1,996	16.3	3,939	16.6
Upper	6,913	41.1	8,907	37.6	1,137	12.8	11,011	46.6
NA	0	0.0	0	0.0	0	0.0		
Total	16,815	100.0	23,667	100.0	3,925	16.6	23,667	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	420	17.8	371	17.2	43	24.6	6	18.8
Middle	998	42.2	921	42.7	63	36.0	14	43.8
Upper	945	40.0	864	40.1	69	39.4	12	37.4
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	2,363	100.0	2,156	100.0	175	100.0	32	100.0
	Percentage of Total Businesses:			91.2		7.4		1.4

*NA-Tracts without household or family income as applicable

The area has a diverse job market, with business sectors to include retail, healthcare, education, and textile manufacturing. Major employers include Michelin Tire Center, Walmart, Atrium Health, and the local government and school system. Recent unemployment rates are included in the following table.

Geographic Area	September 2017	September 2018	September 2019	May 2020	September 2020
Stanly County, NC	3.8%	3.3%	3.4%	10.2%	5.7%
Anson County, NC	4.6%	4.3%			
State of North Carolina	4.1%	3.6%	3.4%	12.7%	6.9%

Stanly County unemployment rates saw a significant increase due to the COVID-19 pandemic, which caused an economic shutdown in March 2019. Prior to the pandemic, unemployment rates were stable, but increased dramatically, reaching a high in May of 2020. Rates have significantly decreased since May, but still remain elevated when compared to the level of unemployment prior to the pandemic.

As part of the evaluation, a local representative of a small business organization was contacted to assess the current economic conditions within the assessment area. The contact stated that the economic shutdown continues to impact the area. Although some local businesses remain closed, most have modified their operations to remain open. The contact also stated that banks have partnered with businesses to accommodate for the sudden economic change by providing access to capital and loan modifications. Overall, the economy is rebounding as businesses adapt to the current environment.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

During 2019, UB originated \$25.5 million in HMDA loans and \$20 million in small business loans within the Stanly, NC NonMSA assessment area. Accordingly, the bank's HMDA lending performance is given slightly more weight when considering the bank's lending performance.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

UB's borrower distribution performance is considered reasonable for HMDA lending and excellent for small business lending. Overall, the bank's borrower distribution performance is considered reasonable given the slightly larger volume of HMDA lending in 2019.

Distribution of HMDA Loans by Income Level of Borrower

Stanly, NC NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	9	6.8	641	2.8	48	3.0	4,317	1.6
Moderate	18	13.5	2,123	9.4	209	13.1	23,232	8.7
Middle	27	20.3	3,473	15.4	424	26.6	59,119	22.1
Upper	79	59.4	16,356	72.4	913	57.3	181,155	67.6
Total	133	100.0	22,593	100.0	1,594	100.0	267,823	100.0
Unknown	14		2,888		220		42,548	

Percentages (%) are calculated on all loans where incomes are known

In 2019, the bank's lending to low-income borrowers (6.8%) was less than the proportion of low-income families in the assessment area (17.9%), but exceeded the percentage of aggregate lending to such borrowers (3%). UB's lending to moderate-income borrowers (13.5%) lagged the percentage of moderate-income families (17.9%), but slightly exceeded the percentage of aggregate lending levels (13.1%). Overall, HMDA lending performance in 2019 is considered excellent.

During 2018, UB originated 138 loans totaling \$21.1 million to borrowers whose income was known. Of these loans, eight (5.8%) totaling \$566,000 (2.7%) were originated to low-income borrowers, which substantially lagged the percentage of low-income families (20.1%), but was greater than the aggregate lending level (4.9%). The bank originated 22 (15.9%) loans totaling \$1.9 million (9.1%) to moderate-income borrowers, which was less than both the percentage of moderate-income families (19.3%) and the aggregate lending level (17.2%). UB's performance is considered reasonable during 2018.

On a combined basis when considering the similar dollar volume of loans and the relative strength of performance in each year, UB's overall HMDA borrower distribution performance is considered reasonable.

Distribution of Lending by Loan Amount and Size of Business

Stanly, NC NonMSA (2019)								
<i>by Revenue</i>	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	112	69.1	8,750	43.7	378	39.3	11,810	34.7
Over \$1 Million	50	30.9	11,252	56.3	NA	NA	NA	NA
<i>Unknown</i>	<i>0</i>	<i>0.0</i>	<i>0</i>	<i>0.0</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
<i>by Loan Size</i>								
\$100,000 or less	119	73.5	4,707	23.5	896	93.2	14,516	42.7
\$100,001-\$250,000	24	14.8	3,860	19.3	42	4.4	7,355	21.6
\$250,001-\$1 Million	19	11.7	11,435	57.2	23	2.4	12,150	35.7
Total	162	100.0	20,002	100.0	961	100.0	34,021	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2019 indicates that 91.2% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 39.3% of reported loans were to businesses with annual revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 51.8% of the remaining reported small business loans were made to businesses having annual revenues of \$1 million or less. UB originated 69.1% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business performance is considered excellent.

Geographic Distribution of Loans

UB’s geographic distribution performance is considered excellent for both HMDA and small business lending. As mentioned earlier, there are no low-income tracts in this assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Stanly, NC NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(97) Home Purchase				(1,203)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	15	15.5	2,315	14.4	99	8.2	13,903	6.5
Middle	52	53.6	9,363	58.1	493	41.0	90,327	42.0
Upper	30	30.9	4,425	27.5	611	50.8	110,937	51.5
	(49) Refinance				(548)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	26	4.7	3,677	4.0
Middle	26	53.1	5,265	56.3	290	52.9	50,887	55.8
Upper	23	46.9	4,083	43.7	232	24.4	36,648	40.2
	(1) Home Improvement				(62)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	8	12.9	288	9.1
Middle	0	0.0	0	0.0	27	43.5	1,547	48.8
Upper	1	100.0	30	100.0	27	43.6	1,333	42.1
	(0) Multi-Family				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	0	0.0	0	0.0	1	100.0	824	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	15	10.2	2,315	9.1	133	7.3	17,868	5.8
Middle	78	53.1	14,628	57.4	811	44.7	143,585	46.3
Upper	54	36.7	8,538	33.5	870	48.0	148,918	47.9
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	147	100.0	25,481	100.0	1,814	100.0	310,371	100.0

NA*-Tracts without household or family income as applicable

During 2019, home purchase and refinance lending accounted for the largest volume of HMDA lending for both the bank and aggregate reporters. Within this assessment area, the percentage of owner-occupied housing units in moderate-income tracts is 6.7%. Considering both demographic data and aggregate proxies for demand, the bank’s lending in moderate-income tracts is considered excellent for home purchases and poor for refinance loans. Given the limited volume of home improvement and multi-family lending within the assessment area, UB’s level of lending in these categories are not considered a significant performance factor.

On a combined basis, UB’s lending in moderate-income census tracts (10.2%) exceeded both the percentage of owner-occupied housing units in the area (6.7%) and the aggregate lending level (7.3%). Overall, the banks performance during 2019 is considered excellent, and its 2018 performance is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Stanly, NC NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	26	16.0	5,026	25.1	94	10.3	3,246	9.8
Middle	76	46.9	7,383	36.9	407	44.5	13,018	39.2
Upper	60	37.1	7,593	38.0	413	45.2	16,939	51.0
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	162	100.0	20,002	100.0	914	100.0	33,203	100.0

**NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.*

D&B data from 2019 indicates that 17.8% of all area businesses are located in moderate-income census tracts. During 2019, the bank’s level of small business lending in moderate-income census tracts (16%) slightly lagged the percentage of small businesses in such areas, but substantially exceeded the aggregate lending level (10.3%). UB’s level of small business lending in moderate-income census tracts is considered excellent.

Community Development Loans, Investments, and Services

UB supports community development that benefits the assessment area by making qualified loans and investments and providing financial expertise and other support to local organizations providing community development services. Discussions with an individual knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate that community development opportunities are readily available within the assessment area. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

During the evaluation period, the bank originated 20 qualified community development loans totaling \$7.6 million within the Stanly, NC NonMSA assessment area.

- Twelve loans totaling \$4.9 million supported the creation and/or retention of approximately 113 jobs. Most of the jobs created and retained benefit low- or moderate-income people.
- Two loans totaling \$51,250 were originated and supported affordable housing to area low- and moderate-income individuals and families.
- Five loans totaling \$859,733 were made to entities that provide services to low- and moderate-income families.
- One loan totaling \$1,731,848 as part of the Corona Aid Relief, and Economic Stimulus (CARES) Act’s Paycheck Protection Program which helped to retain 12 jobs during the economic shutdown.

As mentioned previously, UB did not extend any qualified investments during the evaluation period, however, the bank donated \$51,403 to organizations providing services benefiting low- and moderate-income families and individuals. Additionally, 17 employees provided financial expertise and/or literacy training to various organizations and schools in which a majority of the students receive free or reduced lunch within the assessment area.

Overall, the bank’s level of participation in community development activities demonstrates an adequate response to the needs of the assessment area.

CRA APPENDIX A

LOAN, BRANCH AND DEPOSIT VOLUME

The following table reflects the distribution of branch offices and deposits and loan volume by assessment area. Deposit data is current as of June 30, 2020, while the loan volume includes 2018 and 2019 HMDA loans and 2019 small business loans extended within the bank's assessment areas.

Assessment Area	HMDA and Small Business Loan Volume				Full Service Branches		Deposit Volume	
	#	%	\$(000s)	%	#	%	\$(000s)	%
Charlotte-Concord-Gastonia, NC	577	56.1%	\$120,569	64.2%	4	40%	\$294,954	43.6%
Stanly, NC NonMSA	451	43.9%	\$67,211	35.8%	6	60%	\$381,650	56.4%
Total	1028	100%	\$187,780	100%	10	100%	\$676,604	100%

CRA APPENDIX B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending and Community Development Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.